

15 November 2016

For immediate release

## WILSON WANTS MORE ACTION ON PAYDAY LOANS TO PROTECT CONSUMERS

Corri Wilson MP has backed calls from a national debt advice charity for the Financial Conduct Authority to look at tightening the regulations around the payday loan market.

The call comes after a report published by StepChange Debt Charity, the UK's biggest debt advice charity, found that regulations had "not fixed" the payday lending market, with some payday loan providers still not engaging in best practice.

Last year, 6.5% of those who contacted StepChange Debt Charity from Ayr, Carrick and Cumnock had a payday loan debt, with their average payday debt balance at £999. Although the charity has reported fewer people seeking help with payday debt, those who are turning to payday loans do not always get a fair deal.

Commenting Corri Wilson MP said:

*"Poor lending practices and the poor treatment of people in financial difficulty have serious consequences. They trap people in a cycle of repeated borrowing and as their balances continue to grow, so does the stress and anxiety that comes with severe problem debt.*

*"As the UK Government's cuts continue to have a huge impact on the poorest families here in Ayrshire and across Scotland, there is a clear and immediate need for the Government to examine more affordable forms of borrowing for financially vulnerable people who are often left with nowhere else to turn in their hour of need.*

*"It is essential that the Financial Conduct Authority review of the payday lending cap is broad enough to fix areas of consumer detriment and poor lending practices."*

StepChange Debt Charity Scotland's Public Affairs Officer, James Stewart, said:

*"Regulation can make a significant difference to broken markets and FCA action over the last few years has gone some way to fixing the worst excesses of payday lending, but there is clearly still work to be done.*

*"Debt really can happen to anyone, so that's why it's important for the public to know that there are free debt advice organisations out there like StepChange Debt Charity who can help.*

*"If you are borrowing to cover your household bills, or stuck in a cycle of minimum payments, the time to act is now."*

...ENDS

Notes:

1. <https://www.fca.org.uk/news/press-releases/payday-lenders-failing-customers-arrears-says-fca>

2. StepChange Debt Charity conducted a survey among its clients to find out their experiences of using payday loans. The sample was StepChange Debt Charity clients who came to the charity for advice between 2015-2016 and had all applied for HCSTC after January 2015. They had 530 respondents between 1 August and 14 August 2016.
3. Payday loans are relatively small sums lent over a short period of time at a high interest rate. They were previously lent for around 30 days but can now be longer term instalment loans of two months to a year. This research covers both these loan types using the FCA definition of 'high-cost short-term credit': any regulated credit agreement that has an APR equal to or exceeding 100% and is provided for a maximum of 12 months and is not a doorstep loan, bill of sale loan or overdraft.
  - StepChange Debt Charity provides free and independent debt advice by telephone and through its online [Debt Remedy tool](#). They are majority funded by voluntary donations from lenders who support the work of the charity. All funding goes towards helping people in problem debt – this includes providing impartial advice, promoting the benefits of free debt advice, and managing all the debt repayment and debt relief options they provide.
  - StepChange Debt Charity campaigns for changes to public policy that will prevent problem debt and improve the situation of those affected. Details of the charity's research can be found [here](#).
  - The StepChange Debt Charity free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday and 8am to 4pm Saturday.
  - Online help is available any time from *StepChange Debt Charity Debt Remedy* at [www.stepchange.org](http://www.stepchange.org)